

Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ISO-00 PM-03 L-02 H-01 SP-01 EB-03

COME-00 OMB-01 TRSE-00 CIEP-01 STR-01 AGR-03 ACDA-10

NSC-07 NSCE-00 CIAE-00 INR-10 NSAE-00 RSC-01 AID-10

DODE-00 DRC-01 SSO-00 INRE-00 /083 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC IMMEDIATE 2807

INFO CINCPAC

C O N F I D E N T I A L MANILA 4534

LIMDIS

FOR AMBASSADOR SULLIVAN FROM PURNELL

E.O. 11652: GDS

TAGS: EGEN, USRP, ETRD

SUBJECT: US-RP ECONOMIC NEGOTIATIONS

REF: (A) MANILA 4202; (B) MANILA 4200

SUMMARY. FOLLOWING IS RESULT FRIST REALLY SUBSTANTIVE
ECONOMIC DISCUSSION WITH GOP SINCE YOUR DEPARTURE.

ARNOLD MET TODAY WITH PATERNO MAINLY TO REVIEW THE BID-
DING ON LAND ISSUES AND REITERATE UNDERSTANDING REACHED
BY YOU AND PRESIDENT ON YACHT. PATERNO INDICATED AGREE-
MENT ON UNDERSTANDING AS OUTLINED BELOW AND SAID THAT
STRONG PROBABILITY EXISTED PRESIDENT WOULD WISH TO DIS-
CUSS LAND ISSUE ON BOARD YACHT TOMORROW DURING TRIP
CORREIGIDOR IN HONOR SECRETARY SHULTZ. I INTEND TAKE
ARNOLD, BUTLER, ANGEVINE WITH ME TOMORROW IN EVENT SUCH DISCUSSION
OCCURS AS IT WELL MIGHT WITH ALL KEY ECONOMIC CABINET MEMBERS
NOW SCHEDULED BE ON BOARD. APPRECIATE ANY THOUGHTS OR SUG-
GESTIONS YOU MAY WISH CONVEY IN MEANTIME. END SUMMARY
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1. ARNOLD MET WITH PATERNO AFTERNOON APRIL 18 TO OBTAIN READING ON GOP REACTIONS OUR DRAFT PROPOSAL ON LAND AND TO PRESS FOR EARLY RESPONSE ON PART GOP. PATERNO INDICATED THAT DRAFT GIVEN TO HIM IN MINDORO (REF A) HAD BEEN PASSED TO THE PRESIDENT ON TUESDAY APRIL 16 BUT THAT CABINET DISCUSSION OF THE DRAFT WITH THE PRESIDENT HAD NOT YET OCCURRED SINCE PRESIDENT HAD BEEN OUT OF TOWN MORE OR LESS CONTINUALLY. PATERNO HOPED MATTER COULD BE REVIEWED WITH THE CABINET ON BOARD YACHT TOMORROW AND THEN DISCUSSED WITH US.

2. FOLLOWING BASIC LINE TAKEN IN MINDORO, ARNOLD REVIEWED PROBLEMS WE HAVE WITH PHILIPPINE DRAFT ON LAND (REF B) AND POINTED TO THREE ELEMENTS US DRAFT WHICH HE FELT EMBODIED UNDERSTANDING REACHED WITH PRESIDENT. THESE POINTS, QUOTING FROM OUR DRAFT, BEGINNING PARAGRAPH FIVE, AS FOLLOWS:

A. QUOTE IN VIEW OF COMPLEXITY OF THIS ISSUE IT WILL BE THE POLICY OF THE GOVERNMENT OF THE PHILIPPINES TO TAKE NO ACTION AFFECTING SUCH TITLES AND INTERESTS WHICH WOULD ALTER THE CURRENT SITUATION PENDING THE CONCLUSION OF NEGOTIATION ON THIS SPECIFIC ISSUE UNQUOTE

B. QUOTE BOTH GOVERNMENTS UNDERTAKE TO COMPLETE THESE NEGOTIATIONS IN NO MORE THAN TWELVE MONTHS FROM TODAY'S DATE. UNQUOTE

C. QUOTE THIS DEFERRAL OF ACTION HAS NO RELATION TO AND IS IN NO WAY Affected BY THE CONTINUATION OF THE DISCUSSIONS NOW GOING ON BETWEEN THE PHILIPPINE GOVERNMENT AND THE UNITED STATES GOVERNMENT WITH RESPECT TO THEIR FUTURE ECONOMIC RELATION. END QUOTE
PATERNO READ THESE THREE POINTS CAREFULLY AND SAID THAT IN HIS JUDGMENT THEY REFLECTED THE UNDERSTANDING EXPLAINED BY THE PRESIDENT IN HIS QUOTE PLENARY UNQUOTE SESSION ON THE YACHT WITH ONE EXCEPTION: POINT B WOULD HAVE TO BE BLANK AS TO THE SPECIFIC AMOUNT OF TIME INVOLVED BECAUSE THIS IS YET TO BE AGREED UPON.

3. AS STRESSED IN OTHER CONVERSATIONS WITH MELCHOR AND VIRATA, CONFIDENTIAL

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ARNOLD ALSO STRESSED WITH PATERNO THAT IT WOULD BE VERY IMPORTANT TO THE PURPOSES OF YOUR CONSULTATIONS WASHINGTON IF WE WERE ABLE TO PROVIDE AGREEMENT IN PRINCIPLE ON THIS UNDERSTANDING AS SOON AS POSSIBLE. PATERNO ACCEPTED THAT POINT MORE READILY THAN EITHER VIRATA OR MELCHOR AND URGED THAT WE BE PREPARED TO DISCUSS THE MATTER WITH THE PRESIDENT ON THE YACHT TOMORROW.

4. I WOULD INTEND IN THAT DISCUSSION, IF IT COMES ABOUT, TO STICK CLOSELY TO ACHIEVING IN THE PRESENCE OF KEY MEMBERS OF THE CABINET A REITERATION OF THE EARLIER UNDERSTANDING REACHED WITH YOU AND HOPEFULLY AGREEMENT TO THE APPROACH TAKEN IN OUR DRAFT.

5. AS A MATTER OF INFORMATION YOU SHOULD KNOW THAT AS WE SUSPECTED THERE IS CONTINUING DISCUSSION IN THE CABINET ON OUR PROPOSAL REGARDING THE ANTI-DUMMY LAW, AND PATERNO INDICATED THAT THERE WOULD BE FURTHER LANGUAGE PROVIDED ON THE ISSUE OF THE STRUCTURE OF EXECUTIVE COMMITTEES. IN VIEW OF THE REPORTES SENSITIVITIES OF ABAD SANTOS YOU WILL NOT BE SURPRISED AS I AM SURE AND YOU WILL BE AMUSED TO LEARN THAT PATERNO CONCLUDED IT WOULD BE POLITIC TO GIVE BACK TO US THE WHEREASES OF THE PRESIDENTIAL DECREE PROPOSAL ON FORESHORE LEASES. HE KEPT THE MAIN SUBSTANCE AND WILL PRESENT THAT FOR DISCUSSION WITH THE CABINET.

6. AS A SECOND POINT WE HOPE TO STRESS FURTHER WITH THE CABINET, IF NOT WITH THE PRESIDENT, THE NEED TO PROCEED PROMPTLY WITH THE DECREE PROPOSALS IN A WAY THAT EFFECTIVELY WILL SEPARATE THEM FROM BILATERAL NEGOTIATIONS.

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